

IN THE MATTER OF THE  
MARYLAND INSURANCE  
ADMINISTRATION

v.

ALICIA BROWN  
620 Appleton Street  
Baltimore, Maryland 21217

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BEFORE THE MARYLAND  
INSURANCE COMMISSIONER

CASE NO. : MIA-2017-06-021

Fraud Division File No.: R-2017-1154A

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**ORDER**

This Order is entered by the Maryland Insurance Administration (“MIA”) against Alicia Brown (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204, and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.)(“the Insurance Article”).

**I. Facts**

1. On September 7, 2016, at 1:30 p.m., Respondent called Nationwide Mutual Insurance Company (“Nationwide”), an authorized insurer, and applied for a business insurance policy for her business, AB Productions, DBA Obsessed, a woman’s clothing store, located at 1640 W. North Avenue, Baltimore, Maryland. During the application process, Respondent advised the Nationwide representative that she had not had any loses “associated with the lines quoted” in the past three years. Respondent stated that inventory was coming into the store and she wanted the policy to start as soon as possible. The Nationwide representative advised the policy would go into effect the same day. Respondent replied, "Today is perfect." Policy number [REDACTED] was assigned, and the policy took effect September 7, 2016, at 2:30 p.m.

2. On September 8, 2016, at 12:54 p.m., Respondent notified Nationwide that her business had been burglarized and suffered over \$10,000.00 in damages. She advised that a

Baltimore police officer responded to her business and wrote a report. Nationwide assigned claim number 5219PE044931.

3. On September 26, 2016, a Nationwide claims adjuster interviewed Respondent who stated she closed her business at about 6:00 p.m. on September 7, 2016, and left. On September 8, 2016, she retrieved a voicemail message from an unknown caller who advised that Respondent's business had been broken into. Respondent went to her business and discovered pocketbooks, clothing, fashion accessories, an Apple iPad part, and a television had been stolen. She estimated the loss to be approximate \$10,000.00.

4. Nationwide obtained the police report, and found that the incident was classified as a "Destruction of Property," which occurred on September 7, 2016, at 1:50 a.m., prior to Respondent obtaining the Nationwide policy.

5. On September 28, 2016, the Nationwide insurance agent who took Respondent's insurance application advised the claims adjuster that he asked Respondent whether there had been any losses in the past three years, and he would not have written the policy if he had known about the September 7, 2016 loss. He added that the policy becomes effective the date and time of the call.

6. On September 28, 2016, a Nationwide underwriter advised the claims adjuster that the underwriting department would not have written Respondent's policy if it had known about the September 7, 2016 loss.

7. On October 10, 2016, Nationwide sent Respondent a letter denying her claim because "...the loss occurred prior to when you called Nationwide to obtain the Business Policy. The loss occurred outside of the policy period. You also, misrepresented the claim when you advised us the date of loss."

8. Section 27-802(a)(1) of the Maryland Insurance Article states,

An authorized insurer, its employees, fund producers, or insurance producers, ... who in good faith has cause to believe that insurance fraud has been or is being committed shall report the suspected insurance fraud in writing to the Commissioner, the Fraud Division, or the appropriate federal, State, or local law enforcement authorities.

Nationwide having a good faith belief that insurance fraud had been committed referred the matter to MIA, Fraud Division.

9. During the course of its investigation, the MIA contacted Nationwide and confirmed its handling of Respondent's application and claim.

10. On March 7, 2017, an MIA Fraud Investigator interviewed the Nationwide agent who took Respondent's insurance application on September 7, 2016, he advised that he read the application questions to Respondent and entered her responses on the insurance application. He stated Respondent advised that she had not had any losses "associated with the lines quoted" in the past three years.

11. On May 19, 2017, the MIA Investigator spoke with a Baltimore City Police Officer who responded to the destruction of property call for service at Respondent's business location on September 7, 2016, at 1:59 a.m. The officer told the investigator he was responsible for calling the business owner of a woman's clothing store, located at 1640 W. North Avenue, Baltimore, Maryland to inform the owner that her business had been damaged so she could properly secure the business to prevent further damage or theft of the store inventory. The officer told the investigator he spoke with Respondent at about 3:00 a.m. on September 7, 2016, and made the requisite notification pursuant to departmental policy.

**II. Violation(s)**

12. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding that Alicia Brown violated Maryland's insurance laws:

13. § 27-406

It is a fraudulent insurance act for a person:

(1) to knowingly or willfully to make a false or fraudulent statement or representation in or with reference to an application for insurance.

14. § 27-403

It is a fraudulent insurance act for a person:

(2) to present or cause to be presented to an insurer documentation or an oral or written statement made in support of a claim...with knowledge that the documentation or statement contains false or misleading information about a matter material to the claim.

15. § 27-408(c)

(1) In addition to any criminal penalties that may be imposed under this section, on a showing by clear and convincing evidence that a violation of this subtitle has occurred, the Commissioner may:

(i) impose an administrative penalty not exceeding \$25,000 for each act of insurance fraud; and

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(2) In determining the amount of an administrative penalty, the Commissioner shall consider:

- (i) the nature, circumstances, extent, gravity, and number of violations;
- (ii) the degree of culpability of the violator;
- (iii) prior offenses and repeated violations of the violator; and
- (iv) any other matter that the Commissioner considers appropriate and relevant.

16. By the conduct described herein, Alicia Brown knowingly violated §§ 27-406(1) and 27-403. As such, Alicia Brown is subject to administrative penalty under the Insurance Article § 27-408(c).

### **III. Sanctions**

17. Insurance fraud is a serious violation, which harms consumers in that the losses suffered by insurance companies are passed on to consumers in the form of higher premiums. The Commissioner may investigate any complaint that alleges a fraudulent claim has been submitted to an insurer. Insurance Article §§ 2-201(d)(1) and 2-405.

18. By the conduct described herein, Respondent violated § 27-403 and § 27-406 and is subject to the imposition of an administrative penalty under the Insurance Article.

19. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, the MIA has determined that \$1,500.00 is an appropriate penalty under the statute.

20. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-1154A) and name (Alicia Brown). Unpaid penalties will be referred to the Central Collections Unit for collection. Payment of the administrative penalty shall be sent to the attention of: Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

21. This Order does not preclude any potential or pending action by any other person, entity, or government authority, regarding any conduct by the Respondent including the conduct that is the subject of this Order.

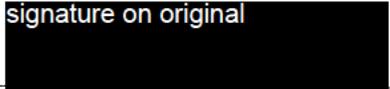
WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 27<sup>th</sup> day of June 2017, **ORDERED** that:

Alicia Brown shall pay an administrative penalty of fifteen hundred dollars (\$1,500.00) within 30 days of the date of this Order.

ALFRED W. REDMER, JR.  
Insurance Commissioner

signature on original

BY:

STEVE WRIGHT   
Associate Commissioner  
Insurance Fraud Division

### RIGHT TO REQUEST A HEARING

Pursuant to § 2-210 of the Insurance Article and Code of Maryland Regulations ("COMAR") 31.02.01.03, an aggrieved person may request a hearing on this Order. This request must be in writing and received by the Commissioner within thirty (30) days of the date of the letter accompanying this Order. However, pursuant to § 2-212 of the Article, the Order shall be stayed pending a hearing only if a demand for hearing is received by the Commissioner within ten (10) days after the Order is issued. The written request for hearing must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: Hearings and Appeals Coordinator. The request shall include the following information: (1) the action or non-action of the Commissioner causing the person requesting the hearing to be aggrieved; (2) the facts related to the incident or incidents about which the person requests the Commissioner to act or not act; and (3) the ultimate relief requested. The failure to request a hearing timely or to appear at a scheduled hearing will result in a waiver of your rights to contest this Order and the Order shall be final on its effective date. Please note that if a hearing is requested on this initial Order, the Commissioner may affirm, modify, or nullify an action taken or impose any penalty or remedy authorized by the Insurance Article against the Respondent in a Final Order after hearing.